

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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REVIEW OF THE ADMINISTRATIVE AND FINANCIAL ARRANGEMENTS
FOR THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Note by the Director-General

The Director-General of GATT and the Secretary-General of UNCTAD have reviewed the administrative and financial arrangements for the International Trade Centre and have prepared a report on this matter in which certain modifications to existing arrangements are proposed. A copy of this report is attached for consideration by the Council.

REVIEW OF THE ADMINISTRATIVE AND FINANCIAL ARRANGEMENTS
FOR THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT

I. INTRODUCTION

1. At the time the Joint International Trade Centre UNCTAD/GATT was established, effective 1 January 1968, it was decided in the interest of flexibility and economy that GATT should continue to deal with personnel actions, make payments and keep accounts relating to the regular budget of the Centre, and that GATT staff rules and regulations should apply. Such arrangements were, however, to be provisional and subject to review in due course.

2. Since 1968 there has been a rapid expansion of the activities of the Centre and these activities are expected to grow further in the coming years. This development has involved, inter alia, also a considerable increase in GATT's responsibilities relating to personnel and administration, budgetary control, the maintenance of accounts, the servicing by the Centre of projects financed from different sources of funds, as well as the employment of Centre staff against funds drawn from these different sources. In these circumstances, the Executive Heads of UNCTAD and GATT considered that the time had now come to carry out the review of the administrative and financial arrangements foreseen at the time of the inception of the Joint Centre.

3. In proceeding with this review, the Executive Heads were also mindful of certain recommendations made by the ACABQ in 1971, and reiterated in 1972, regarding the placement of Centre supporting staff under the direct control of the Director (Programmes) of the Centre.

4. As a result of this review, the two Executive Heads have agreed, on the basis of recommendations by the Liaison Officers on Centre Matters, to suggest certain changes in the existing arrangements in respect of the Centre administration, within the framework of continued joint and equal responsibility for the operation of the Centre.

5. The present system and the proposed modifications which are being submitted to the governing bodies of UNCTAD and GATT are outlined below:

II. PRESENT SYSTEM

Sources of funds and management of resources

6. The Centre operates with four major sources of funds:
 - (a) the regular budget, provided in equal parts by UNCTAD and GATT;
 - (b) allocations received through UNCTAD for expenditure on UNDP financed projects;
 - (c) extra-budgetary resources (known as trust funds) put directly at the disposal of the Centre by individual governments;
 - (d) to a minor extent, resources from the regular Technical Assistance Programme of the United Nations.

7. At the present time, the servicing of the regular budget of the Centre and the handling of trust funds put directly at the disposal of the Centre are carried out by the administration of GATT, which also provides administrative servicing of resources sub-allotted to the Centre in respect of Geneva based operations under both the UNDP and the regular Technical Assistance Programme of the United Nations.

Budget preparation and control

8. In present practice, the regular budget of the Centre and the budgets for trust fund projects are drawn up by the GATT Budget and Control Section on the basis of the Work Programme prepared by the Centre under the guidance of the Secretary-General of UNCTAD and the Director-General of GATT. The budgets for UNDP-financed projects are formally submitted by governments but are drawn up by the Centre with assistance from GATT and UNCTAD staff in regard to figures etc. The GATT Budget Section also controls, under the responsibility of the Director-General of GATT, expenditure incurred under the regular budget, on trust funds and part of the expenditure (including elements of overhead) incurred on UNDP-financed projects.

Finance and accounts

9. The making of payments and keeping of accounts in regard to the regular budget, the trust funds of the Centre and part of the UNDP funds is also carried out by GATT. The Director-General of GATT certifies the year-end accounts and signs the annual Financial Report, together with the Director of the Administrative and Financial Division. A certified copy of the year-end accounts and the auditors' report thereon are submitted to the Secretary-General of UNCTAD for comment. Auditing is effected through the External Auditors of GATT.

Personnel management

10. Appointments of Centre staff are at present made on behalf of ICITO and UNCTAD in the name of the Director-General of GATT, who also assumes responsibility for matters such as relations with local authorities and with the Swiss Government in matters such as the issuance of "cartes de légitimation".

III. OUTLINE OF PROPOSED MODIFICATIONS

11. The proposed solution is designed not only to meet - to the extent possible - the difficulties and anomalies which have been experienced with the present system, but also to take account of the Centre's long-term growth. Some details of these proposed arrangements will, of course, have to be worked out during the course of their implementation.

12. In proposing new arrangements, it has been recognized that three types of constraints must be taken into account:

- (i) In the present financial circumstances, governments would be unwilling to accept new arrangements for the Centre which would involve any appreciable increase in budgetary expenditures.
- (ii) Most governments would expect both UNCTAD and GATT, in joint and equal partnership, to continue to exercise policy guidance and control over the Centre operations and to take overall responsibility for the budget of the Centre as presented to the CONTRACTING PARTIES of GATT on the one side and the General Assembly on the other.
- (iii) The necessary legal or other steps must be taken to ensure that any solutions proposed, for example by way of transfer of functions to the Centre, do not lead to difficulties in implementation.

13. In the light of the above considerations, the following modifications in the present financial and administrative arrangements are proposed:

- (i) The responsibility for the drafting of the regular budget and budgets for trust fund projects, together with their control and administration, would be transferred to the Centre.
- (ii) The Centre would likewise be entrusted with the making of payments and the keeping of its accounts.

- (iii) The two changes proposed above would be effected simultaneously.
- (iv) The Director-General of GATT would cease to certify the year-end accounts of the Centre. The Director (Programmes) of the Centre would be designated as the certifying officer and the Controller of the United Nations would sign the year-end accounts as approving officer. The external audit would be transferred from the GATT auditors to the United Nations auditors as from 1 January 1973.
- (v) Contracts to be awarded to Centre staff would be issued by the Director (Programmes) of the Centre after approval by the Secretary-General of UNCTAD and the Director-General of GATT, under their authority and subject to their agreement on the text of Centre letters of appointment.
- (vi) With respect to field activities financed by UNDP, appropriate arrangements will be worked out among the parties concerned.
- (vii) United Nations Staff Regulations and Rules would apply uniformly to all personnel, whether financed from budgetary resources, overheads or extra-budgetary resources.
- (viii) In order to ensure that Centre staff be recognized by the Swiss authorities as having the status of international civil servants, the responsibility for notifying the Swiss authorities of staff appointments and separations would be transferred to the United Nations Office at Geneva.
- (ix) With respect to purchase and procurement, orders would be placed through the United Nations Office at Geneva without attempting to develop independent procurement services for the Centre.
- (x) All supporting staff for such functions as personnel administration, sale of publications, reproduction, typing pools, travel and internal servicing of the Centre, that are at present located inside the GATT Administrative and Financial Division would be located inside the Centre. The situation of language services still requires further clarification.

- (xi) The changes in responsibilities and functions and the transfer of Centre supporting staff to the new premises would be effected as soon as the procedural or other steps required to effect these changes, as described above, can be taken. In principle, the implementation of these changes would begin with effect from 1 January 1973.
- (xii) The proposed modifications would involve some additional costs which could be covered in 1973 by income from overheads.

IV. END RESULT OF PROPOSED MODIFICATIONS

14. The end result of the modifications in the Centre administration proposed by the Executive Heads of UNCTAD and GATT would be the following:

As of 1 January 1973:

- (i) The Centre would be fully responsible for drafting initial budget estimates subject to the policy guidance of the Executive Heads and for budget management, through its own budget and control section.
- (ii) The servicing functions concerning payments and accounts would also be transferred to the Centre.
- (iii) The Centre would issue contracts and would be responsible for personnel management, under the policy guidance of the Executive Heads. Responsibility for relations with the Swiss authorities would be transferred to the United Nations Office at Geneva. The Swiss authorities will be advised of this change of responsibility.
- (iv) Professional staff for the Centre would continue to be selected through the Joint Appointments and Promotions Board, which would make recommendations on appointments, promotions, extensions and terminations to the Executive Heads.
- (v) The Centre's work programme and budget would be prepared by the Director (Programmes) of the Centre subject to overall policy guidance in respect of size of budget and overall orientation by the Secretary-General of UNCTAD and the Director-General of GATT, and would be presented by the two Executive Heads to the General Assembly and the CONTRACTING PARTIES.

(vi) The existing mechanism of intergovernmental control would be maintained in the form of the Advisory Group, the UNCTAD Board, the General Assembly and the GATT Council and the CONTRACTING PARTIES.

(vii) The Director (Promotion) and Director (Programmes) of the Centre would continue to be responsible to the Secretary-General of UNCTAD and the Director-General of GATT on matters of policy relating to Centre resources and operations, including those involving UNDP-financed projects, through the liaison officers appointed by the Executive Heads in accordance with arrangements already established.